

STATE OF CONNECTICUT
HOUSE OF REPRESENTATIVES



JOE ARESIMOWICZ
HOUSE MAJORITY LEADER

Good Afternoon Senator Holder-Winfield, Representative Tercyak and members of the Labor and Public Employees Committee. I am Representative Joe Aresimowicz, from the thirtieth district serving Berlin and Southington. I am here today to testify in full support of **SB 249, AN ACT PROMOTING RETIREMENT SAVINGS**.

Our nation and our state are currently on the brink of a retirement crisis that will not only impact retirees, but next generation workers as well. With the employee-sponsored retirement system on the decline, it is becoming far too common that our retired residents are relying solely on Social Security. While Social Security has served as the backbone of our nation's retirement system, it was never intended to be the sole source of retirement income. And with today's average benefit being just \$15,228 per year, retirees are barely receiving enough money to keep their homes heated, let alone to meet all of their daily living needs.

A major cause of this crisis is the fact that a rapidly growing number of workers are not given the option to participate in an employer-provided retirement plan. Over the past decade alone, the percentage of workers in Connecticut whose employer did not sponsor a retirement plan rose from 34 percent to 41 percent (a 7 percent increase). Younger workers have even less coverage: 43 percent of Connecticut workers between 25 and 44 were not covered by a retirement plan at work in 2010. There are approximately 740,000 Connecticut residents who are not participating in an employer-provided retirement plan. ("Are Connecticut Workers Ready for Retirement," Schwartz Center for Economic Policy Analysis, Saad-Lessler, et al.)

During this past off season, I worked alongside Senate Majority Leader Looney to create a round table to discuss solutions to this looming crisis. Building on the work of this group and the excellent bill endorsed by this committee last year, SB 249 proposes to establish a state-administered retirement savings plan for private-sector workers, at no cost to the employers or the state. This savings plan will be available to employees who work for an employer with five or more employees that currently does not offer any retirement savings plan. Eligible employees will be automatically enrolled into the retirement savings plan, which will enable them to make contributions by payroll deduction. Employees will have the option to opt out of this plan on an annual basis, and they may adjust their contribution rate to an amount of their choosing at any time. The employer is not required to make any contributions to the employees' accounts. The plan will be administered by an 11-member board, chaired by the Treasurer and Comptroller, who will set a rate of return guaranteed by private insurance. The plan's administrative costs may not exceed 1% of the trust balance.

Many of our residents are either working well past the age of retirement or retiring and relying only on Social Security for income, and in many cases must turn to state-funded programs to meet their basic needs. Every person who has worked hard throughout their life and played by the rules should have the ability to retire at an appropriate age and live the rest of their life with some financial security. This bill gives that chance to many people who otherwise will not be afforded the opportunity. I want to thank the members of the committee for the chance to testify on this important piece of legislation.